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# TOYOTA

**Jim Byers**  
Vice President  
Toyota Logistics Services

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MAY 15, 2000  
MAY 17 2000  
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Surface Transportation Board  
Office of the Secretary  
1925 K Street, N.W.  
Washington, D.C. 20423-0001



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Re: STB EX PARTE No. 582 (sub-No. 1)

Gentlemen:

In addition to joining in comments filed by the Alliance of Automobile Manufacturers, Toyota Logistics Services, Inc. (TLS) submits the following separate statement in response to the Advance Notice of Proposed Rulemaking published by Surface Transportation Board (STB) on March 31, 2000.

While all of the issues the STB is seeking comments on are important to the long-term health of the U.S. rail industry, the most critical challenge is the matter of enhancing competition. Many parties have contended that enhanced competition will result in lower rates, better service and further innovation and cited examples from other industries. Toyota's experience in the highly competitive automotive industry certainly supports this position.

More importantly, TLS believes that vigorous competition will establish and maintain a "self-correcting" rail system, one in which market and operating conditions will determine rates and railroads will quickly respond to service issues. The alternative is greater involvement by the STB or other governmental authorities in "policing" the industry and, perhaps, increased regulation. Given the past history of rail regulation, few would prefer the latter course of action.

The fundamental question is what steps should the STB take to help promote competition in the rail industry? There are no simple answers. Perhaps, the Board should look for guidance in the experience of other industries that have faced a consolidation of market power in a limited number of participants, like the areas of telecommunications and utilities.

The eventual means to enhance competition in the rail industry may well require creative and possibly painful solutions. But, in the end, vigorous competition is the only effective way to serve the public interest and ensure that the rail industry remains customer-focused, cost-competitive and service-sensitive.

Sincerely,